UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

FIFTH COMMITTEE
63rd meeting
held on
Wednesday, 26 June 1991
at 3 p.m.
New York

SUMMARY RECORD OF THE 63rd MEETING

Chairman: Mr. MAYCOCK (Barbados)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 127: UNITED NATIONS COMMON SYSTEM (continued)

AGENDA ITEM 128: UNITED NATIONS PENSION SYSTEM (continued)

This record is subject to correction.
Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, Room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

Distr. GENERAL
A/C.5/45/SR.63
28 June 1991

ORIGINAL: ENGLISH

91-55905 3760S (E)

The meeting was called to order at 3.40 p.m.

AGENDA ITEM 127: UNITED NATIONS COMMON SYSTEM (continued)

AGENDA ITEM 128: UNITED NATIONS PENSION SYSTEM (continued) (A/C.5/45/76 and 77)

1. The CHAIRMAN reminded the Committee that the delegations of Australia, Canada, Japan, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America had requested that agenda items 127 and 128 should be reopened in order to consider the impact on the United Nations common system and pension system of the decision by the International Telecommunication Union Administrative Council to implement unilaterally a pension purchasing protection insurance plan, as well as the decision by the Secretary-General of ITU to grant a special post allowance to the agency's Professional staff.

2. Mr. BARE (International Telecommunication Union), introducing document A/C.5/45/77, said that currency fluctuations since the end of the Bretton Woods agreement some 20 years earlier had led to a reduction in the purchasing power of pensions paid in dollars in countries with strong currencies. While ITU acknowledged the attempts made by the United Nations Joint Staff Pension Board to solve the problem, relief had been modest and short-lived. The Board's decision to establish a floor ratio for the rate of exchange, with effect from 1 January 1988, had somewhat stabilized the situation, but expiration of that measure at the forty-fifth session had led to a resurgence of instability and uncertainty. The Committee would recognize that certainty with regard to pension benefits was a legitimate expectation, and that staff members did not wish to participate in a pension lottery occasioned by currency fluctuations.

3. While ITU had awaited a solution for some two decades, it had not been forthcoming, in view of which the Union had been obliged to consider a pension purchasing power protection scheme to ensure that the real pensions of its staff would not fall below those of their counterparts in New York. The Pension Purchasing Power Protection Insurance Plan had been prepared, but not implemented, since the ITU Administrative Council still cherished the hope that the Fifth Committee and the Pension Board would act to correct the anomaly. It was preferable for a solution to be devised which would apply throughout the common system, provided it could be done quickly, although the ITU proposal itself was not incompatible with the common system. The Fifth Committee should act to reassure ITU staff members, who constituted the keystone of the agency.

4. Commenting on document A/C.5/45/76, he said that the Administrative Council of ITU had established the High Level Committee, composed of representatives of 21 member States, to review the structure and functioning of the Union. That Committee had formulated a number of recommendations, some

(Mr. Bare, ITU)

of them relating to financial and personnel management and information technology. A special ad hoc group of the Administrative Council, created to study personnel matters in greater depth, had suggested that ITU staff members at the Professional and Directorial level should be deeply involved in implementing the High Level Committee's recommendations in their specific areas. It had been proposed to compensate such additional temporary work by granting, after certification, a special, non-pensionable, post allowance. That allowance would, of course, be paid only to those who had actually performed the work in question; there was no automaticity. The measure would have no impact on the common system, under which organizations were allowed latitude in resolving their specific difficulties and meeting their personnel needs.

5. ITU found itself in exceptional circumstances in that it needed to implement fundamental changes in its structure and functioning in order to adapt to the rapid pace of change in the telecommunication sector. In those circumstances exceptional measures were necessary, and the Secretary-General of ITU had acted in the knowledge that the proposals contravened neither the spirit nor the letter of the common system.

6. Mr. MERIFIELD (Canada), speaking on behalf of Australia, Canada, Japan, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America, in addition to his own delegation, said that the General Assembly, in its resolution 45/242, had invited governing bodies of member organizations of the United Nations Joint Staff Pension Fund to refrain from seeking to establish additional pension entitlements for their staff, as such action would be detrimental to the common system. It was a matter of deep concern that, if ITU were to proceed with its proposals, in direct contravention of resolution 45/242, the conditions of service of its staff would be affected in a manner which might be incompatible with the common system and the obligations arising from ITU's acceptance of the statute of ICSC.

7. Further, it was questionable whether the assertion, cited by ITU in document A/C.5/45/76, that the common system need not be applied with such rigid uniformity that an organization could never deviate from it, was still applicable in the light of subsequent legislation.

8. With reference to the ITU decision to pay a special post allowance, the granting of such an allowance to any staff member not temporarily taking up high level duties would appear to be an abuse of the staff regulations and incompatible with the common system.

9. Subsequent to the ITU proposals, the International Labour Conference had decided to establish a voluntary thrift benefit fund for its employees which would also provide benefits for its staff over and above those provided to other staff members employed in the common system. Establishment of the fund

(Mr. Merifield, Canada)

would result in a cost to member States of approximately $4.8 million. ICSC had expressed concern at its thirty-third session about the failure of the International Labour Organisation to hold full consultations before taking a decision of legitimate interest to, and possible incompatibility with, the common system.

10. Unilateral action of the type taken by ITU and ILO undermined the central role of ICSC in regulating and coordinating conditions of service, including pensionable remuneration, and the right of the Commission to establish conditions of entitlement to benefits, in accordance with the overriding principle of a single unified international civil service. It would be recalled that the General Assembly, in resolution 45/242, had called upon the Pension Board, as a matter of priority, to make recommendations for a long-term approach to the issue of the initial local currency pensions, which underlaid ILO and ITU concerns, and had endorsed transitional measures where appropriate. In the light of the work in progress on those matters, it was regrettable that ITU had elected to take unilateral action.

11. Accordingly, the delegations concerned proposed that the Fifth Committee should request the common-system organizations to examine the consistency of the ITU and ILO decisions with those agencies' obligations under - and their continuing participation in - the common system, and, taking account of the views of the Fifth Committee, to report thereon to the General Assembly at its forty-sixth session.

12. The delegations concerned also proposed that the Fifth Committee should reiterate its request to the common system bodies to ensure that the recommendations for a long-term approach to the determination of the initial local currency pensions, requested in resolution 45/242, as well as the reports requested in resolution 45/241 on the common system, were available for consideration at the forty-sixth session. In the interim the Committee should remind organizations adhering to the common system of their obligations to consult with ICSC and the Pension Board on matters relating to conditions of service and benefits, and again to invite them to refrain from taking any action which might be incompatible with the development of a single unified international civil service.

13. Mr. SPAANS (Netherlands) fully endorsed the statement made by the representative of Canada. The Netherlands was concerned over the unilateral action taken by ITU. There appeared to be no valid reason why there had not been full consultation with ICSC and the Pension Board, while the information available indicated that the action taken by ITU implied a fundamental departure from the common system.

14. Mr. CARDOSO (Brazil) said that his delegation also shared the concerns expressed by the representative of Canada in respect of the ITU action.

15. Mr. MINET (Observer, International Labour Organisation) said that the International Labour Conference, having considered the views of ICSC and the Pension Board, had recently adopted a resolution concerning the endowment of the voluntary thrift benefit fund. The Fifth Committee would note that the sum of $4.8 million was in fact being financed by interest accrued on the terminal benefits fund. The endowment would be limited to officials in service at the time of approval, and since the scheme was voluntary it was not part of the statutory conditions of service and would not be financed by ILO itself, which would have no responsibility for its future viability.

16. Mr. BEL HADJ AMOR (Chairman of the International Civil Service Commission) said that the Commission had been informed of the ILO initiative only after the agency had taken a decision. The Commission, while recognizing the difficulties faced by ILO, had deplored the ILO initiative.

The meeting rose at 4.20 p.m.